

City of Annapolis FY 2003 Adopted Budget All Funds Summary

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues and expenditures/expenses. Budgets for the following funds are included in this document:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Enterprise Funds - The Enterprise Funds are used to account for those activities of the City which are financed and operated in a manner similar to private business enterprises where costs and expenses, including depreciation, are recovered principally through user charges. Individual operations which the City of Annapolis has designated as Enterprise Funds include the Water, Sewer, Off Street Parking, Dock, Market, Transportation and Refuse Funds. A description of the individual activities of each Enterprise Fund are given later in this section of the budget.

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by legal and regulatory provisions to finance specific activities. The City's Special Revenue Fund is used to account for Community Development Block Grants received from the Federal Government.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources and expenditures applied to the construction of capital facilities and major purchased items for all governmental fund types.

The following tables summarize the FY 03 Adopted budget for the General, Enterprise and Special Revenue Funds.

| <i>FY 2003 Adopted Revenues and Expenditures By Fund</i> | <i>Revenues</i> | <i>Expenditures</i> | <i>Inc (Dec) in Fund Equity/Retained Earnings</i> | <i>Subsidized by</i> |
|-------------------------------------------------------------------------|------------------------|----------------------------|------------------------------------------------------------------|-----------------------------|
| General | \$39,506,770 | \$39,506,770 | \$0 | |
| Water | 3,587,940 | 3,587,940 | 0 | |
| Sewer | 4,443,680 | 4,443,680 | 0 | |
| Off Street Parking | 1,917,000 | 1,353,050 | 563,950 | |
| Dock | 591,370 | 591,370 | 0 | |
| Market | 92,860 | 92,860 | 0 | |
| Transportation | 3,064,200 | 3,554,430 | (490,230) | OSP |
| Refuse | 2,368,000 | 2,441,720 | (73,720) | OSP |
| Grand Total | \$55,571,820 | \$55,571,820 | \$0 | |
| Special Revenue Fund * | \$428,000 | \$428,000 | \$0 | |

* The Special Revenue Fund amounts are not included in the operating budget totals in this document.

City of Annapolis FY 2003 Adopted Budget

All Funds Summary

- continued -

The schedule below shows the anticipated beginning and ending undesignated fund balance (or, in the case of an Enterprise Fund, retained earnings) for each of the City's eight operating funds. Undesignated fund balance is the accumulated total of all prior years' actual revenues in excess of expenditures, commonly referred to as "surplus". It has not been committed ("reserved") for encumbrances, self insurance, or "designated" for capital projects or subsequent years' capital expenditures. Maintaining a prudent level of undesignated fund balance is critical to ensuring that the City is able to cope with financial emergencies and fluctuations in revenue cycles.

| <i>Fund</i> | <i>Projected undesignated fund balance ¹, June 30, 2002</i> | <i>Plus projected FY 2003 revenues</i> | <i>Less projected FY 2003 expenditures</i> | <i>Projected undesignated fund balance ¹, June 30, 2003</i> |
|----------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <i>General</i> | \$5,489,120 | \$39,506,770 | \$39,506,770 | \$5,489,120 |
| <i>Water</i> | 573,300 | 3,587,940 | 3,587,940 | 573,300 |
| <i>Sewer</i> | 1,972,360 | 4,443,680 | 4,443,680 | 1,972,360 |
| <i>Off Street Parking</i> | 2,616,230 | 1,917,000 | * 1,917,000 | 2,616,230 |
| <i>Dock</i> | 1,253,760 | 591,370 | 591,370 | 1,253,760 |
| <i>Market</i> | 272,630 | 92,860 | 92,860 | 272,630 |
| <i>Transportation</i> | 38,310 | * 3,554,430 | 3,554,430 | 38,310 |
| <i>Refuse</i> | 664,260 | * 2,441,720 | 2,441,720 | 664,260 |
| <i>Total Funds</i> | \$12,879,970 | \$56,135,770 | \$56,135,770 | \$12,879,970 |

¹ Fund Balance in these Enterprise Funds is referred to as "retained earnings".

* Includes interfund subsidies.

**City of Annapolis FY 2003 Adopted Budget
All Funds Summary**

- continued -

| <i>Revenues</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> | <i>Percent Change</i> |
|----------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Taxes | \$18,435,350 | \$17,783,820 | \$18,845,750 | 5.97% |
| Licenses and Permits | 1,757,510 | 1,270,000 | 1,838,100 | 44.73% |
| Intergovernmental Revenues | 12,438,940 | 11,226,570 | 12,602,210 | 12.25% |
| Charges for Services | 15,991,090 | 16,012,270 | 15,995,570 | -0.10% |
| Fines and Forfeitures | 838,080 | 754,500 | 856,190 | 13.48% |
| Money and Property | 1,998,960 | 1,774,320 | 1,565,140 | -11.79% |
| Other Financing Sources | 5,547,830 | 5,817,390 | 3,868,860 | -33.49% |
| Total Revenues | \$57,007,760 | \$54,638,870 | \$55,571,820 | 1.71% |

| <i>Expenditures</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> | <i>Percent Change</i> |
|------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Personnel | \$28,211,130 | \$31,457,790 | \$34,660,040 | 10.18% |
| Other Operating Expenditures | 11,445,950 | 11,598,770 | 11,785,930 | 1.61% |
| Capital Outlays | 437,140 | 207,970 | 215,500 | 3.62% |
| Debt Service | 4,519,760 | 4,759,880 | 4,134,210 | -13.14% |
| Other Expenditures | 388,330 | 421,670 | (620,900) | -264.38% |
| Contribution to CIP | 2,283,800 | 6,192,790 | 5,397,040 | -12.85% |
| Total Expenditures | \$47,286,110 | \$54,638,870 | \$55,571,820 | 1.71% |

**City of Annapolis FY 2003 Adopted Budget
All Funds Summary**

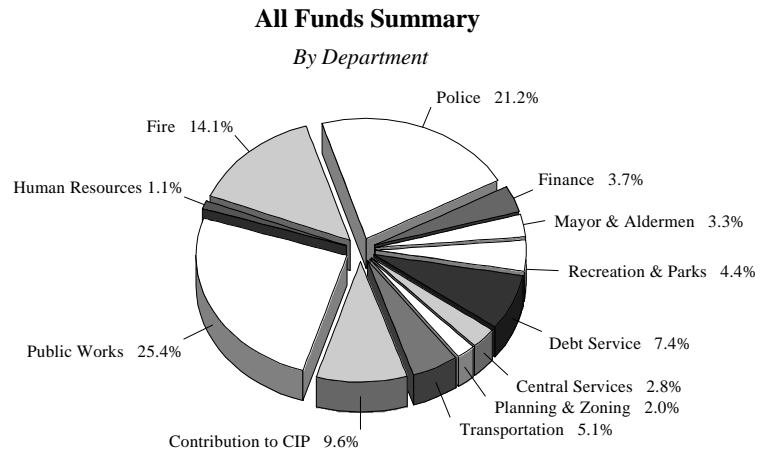
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| <i>Expenditures by Department</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> | <i>Percent Change</i> |
|------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Mayor and Aldermen | \$1,457,180 | \$1,739,630 | \$1,847,910 | 6.22% |
| Finance | 1,674,940 | 1,829,560 | 2,052,010 | 12.16% |
| Human Resources | 511,370 | 526,500 | 640,650 | 21.68% |
| Planning & Zoning | 1,026,640 | 1,151,540 | 1,149,510 | -0.18% |
| Central Services | 1,514,950 | 1,370,660 | 1,559,690 | 13.79% |
| Police | 10,315,460 | 11,010,360 | 11,907,200 | 8.15% |
| Fire | 6,622,550 | 7,159,900 | 7,923,650 | 10.67% |
| Public Works | 12,454,970 | 13,505,270 | 14,254,710 | 5.55% |
| Recreation & Parks | 2,003,470 | 2,256,440 | 2,451,230 | 8.63% |
| Transportation | 2,512,690 | 2,714,670 | 2,874,910 | 5.90% |
| Non-Departmental | 388,330 | 421,670 | (620,900) | -264.38% |
| Debt Service | 4,519,760 | 4,759,880 | 4,134,210 | -13.14% |
| Contribution to CIP | 2,283,800 | 6,192,790 | 5,397,040 | -12.85% |
| Total Expenditures | \$47,286,110 | \$54,638,870 | \$55,571,820 | 1.71% |

City of Annapolis FY 2003 Adopted Budget All Funds Summary

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The graph below indicates total Adopted FY 03 expenditures (all funds combined) by department.

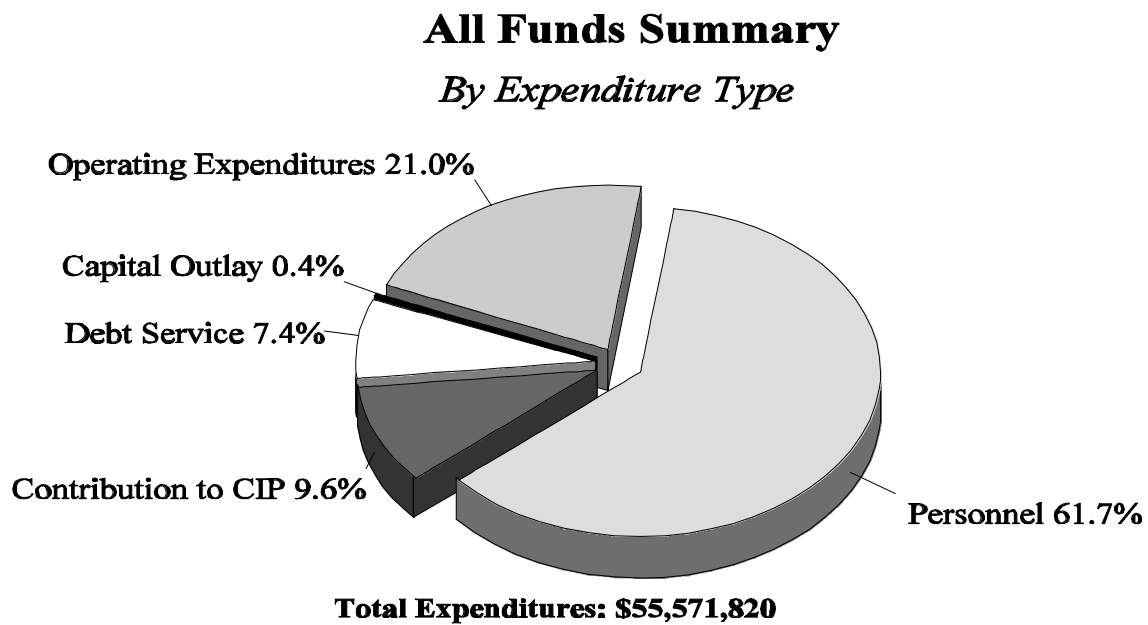


Total Expenditures: \$55,571,820

City of Annapolis FY 2003 Adopted Budget All Funds Summary

- continued -

The graph below indicates total Adopted FY 03 expenditures (all funds combined) by major categories of expenditure.



City of Annapolis
FY 2003 Adopted Revenue Budget for All Funds

| <i>Department</i> | <i>General Fund</i> | <i>% of Total</i> | <i>Enterprise Funds</i> | <i>% of Total</i> | <i>Special Revenue Fund</i> | <i>% of Total</i> | <i>Department Total</i> | <i>% of Total</i> |
|-------------------------------|---------------------|-------------------|-------------------------|-------------------|-----------------------------|-------------------|-------------------------|-------------------|
| Taxes | \$18,845,750 | 47.70% | \$0 | 0.00% | \$0 | 0.00% | \$18,845,750 | 33.65% |
| Licenses and Permits | 1,838,100 | 4.65% | 0 | 0.00% | 0 | 0.00% | 1,838,100 | 3.28% |
| Intergovernmental Revenues | 10,406,010 | 26.34% | 2,196,200 | 13.67% | 428,000 | 100.00% | 13,030,210 | 23.27% |
| Charges for Services | 1,589,490 | 4.02% | 14,406,080 | 89.67% | 0 | 0.00% | 15,995,570 | 28.56% |
| Fines and Forfeitures | 856,190 | 2.17% | 0 | 0.00% | 0 | 0.00% | 856,190 | 1.53% |
| Money and Property | 1,371,540 | 3.47% | 193,600 | 1.21% | 0 | 0.00% | 1,565,140 | 2.79% |
| Other Financing Sources | 4,599,690 | 11.64% | (730,830) | (4.55)% | 0 | 0.00% | 3,868,860 | 6.91% |
| Total | \$39,506,770 | 100.00% | \$16,065,050 | 100.00% | \$428,000 | 100.00% | \$55,999,820 | 100.00% |
| Less Special Revenue Fund (1) | | | | | | | \$428,000 | |
| Grand Total | | | | | | | \$55,571,820 | |

(1) The Special Revenue Fund is the Community Development Block Grant fund.

City of Annapolis
FY 2003 Adopted Expenditure Budget By Department for All Funds

| <i>Department</i> | <i>General Fund</i> | <i>% of Total</i> | <i>Enterprise Funds</i> | <i>% of Total</i> | <i>Special Revenue Fund</i> | <i>% of Total</i> | <i>Department Total</i> | <i>% of Total</i> |
|-------------------------------|---------------------|-------------------|-------------------------|-------------------|-----------------------------|-------------------|-------------------------|-------------------|
| Mayor and Aldermen | \$1,406,460 | 3.56% | \$441,450 | 2.75% | \$0 | 0.00% | \$1,847,910 | 3.30% |
| Finance | 2,052,010 | 5.19% | 0 | 0.00% | 0 | 0.00% | 2,052,010 | 3.66% |
| Human Resources | 640,650 | 1.62% | 0 | 0.00% | 0 | 0.00% | 640,650 | 1.14% |
| Planning and Zoning | 1,149,510 | 2.91% | 0 | 0.00% | 428,000 | 100.00% | 1,577,510 | 2.82% |
| Central Services | 820,990 | 2.08% | 738,700 | 4.60% | 0 | 0.00% | 1,559,690 | 2.79% |
| Police | 11,907,200 | 30.14% | 0 | 0.00% | 0 | 0.00% | 11,907,200 | 21.26% |
| Fire | 7,923,650 | 20.06% | 0 | 0.00% | 0 | 0.00% | 7,923,650 | 14.15% |
| Public Works | 6,465,570 | 16.37% | 7,789,140 | 48.49% | 0 | 0.00% | 14,254,710 | 25.45% |
| Recreation and Parks | 2,451,230 | 6.20% | 0 | 0.00% | 0 | 0.00% | 2,451,230 | 4.38% |
| Transportation | 0 | 0.00% | 2,874,910 | 17.90% | 0 | 0.00% | 2,874,910 | 5.13% |
| Non-Departmental | (1,907,070) | (4.83)% | 1,286,170 | 8.01% | 0 | 0.00% | (620,900) | (1.11)% |
| Debt Service | 2,094,130 | 5.30% | 2,040,080 | 12.70% | 0 | 0.00% | 4,134,210 | 7.38% |
| Transfer to Capital Projects | 4,502,440 | 11.40% | 894,600 | 5.57% | 0 | 0.00% | 5,397,040 | 9.64% |
| Total | \$39,506,770 | 100.00% | \$16,065,050 | 100.00% | \$428,000 | 100.00% | \$55,999,820 | 100.00% |
| Less Special Revenue Fund (1) | | | | | | | \$428,000 | |
| Grand Total | | | | | | | \$55,571,820 | |

- (1) The Special Revenue Fund is the Community Development Block Grant fund. The operating portion of this fund partially supports the activities of the Planning and Zoning Department and the capital portion is accounted for in the Capital Improvement Program.

History of Budgeted and Actual Expenditures by Fund FY 1998 - FY 2003

| <i>Fund</i> | <i>FY 1998</i> | | <i>FY 1999</i> | | <i>FY 2000</i> | | <i>FY 2001</i> | |
|--------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|
| | <i>Actual</i> | <i>Original Adopted Budget</i> | <i>Actual</i> | <i>Original Adopted Budget</i> | <i>Actual</i> | <i>Original Adopted Budget</i> | <i>Actual</i> | <i>Original Adopted Budget</i> |
| General | \$29,299,410 | \$27,134,650 | \$29,232,450 | \$28,714,000 | \$29,289,100 | \$31,131,580 | \$32,707,550 | \$33,118,360 |
| Water | 2,853,950 | 2,905,570 | 3,018,400 | 2,954,130 | 3,121,090 | 3,125,170 | 3,392,400 | 3,380,270 |
| Sewer | 3,942,490 | 3,449,080 | 3,810,510 | 3,634,320 | 3,809,890 | 3,523,850 | 4,141,130 | 4,496,520 |
| Off Street Parking | 1,389,230 | 1,122,280 | 1,103,400 | 1,102,750 | 1,226,920 | 1,822,220 | 1,291,300 | 1,241,430 |
| Dock | 489,200 | 519,380 | 474,420 | 504,250 | 462,530 | 685,000 | 506,790 | 681,180 |
| Market | 66,090 | 67,810 | 61,760 | 67,390 | 55,880 | 116,900 | 74,690 | 85,090 |
| Transportation | 3,043,160 | 2,928,870 | 3,063,450 | 3,034,100 | 2,807,120 | 1,382,600 | 3,086,540 | 2,945,060 |
| Refuse | 2,209,430 | 2,291,580 | 2,152,040 | 2,266,350 | 2,132,930 | 2,292,900 | 2,085,710 | 2,325,550 |
| Total | \$43,292,960 | \$40,419,220 | \$42,916,430 | \$42,277,290 | \$42,905,460 | \$44,080,220 | \$47,286,110 | \$48,273,460 |

| <i>Fund</i> | <i>FY 2002 Adopted Budget</i> | <i>FY 2003 Adopted Budget</i> | <i>Total % Increase FY 98-02</i> |
|--------------------|-----------------------------------|-----------------------------------|------------------------------------------|
| General | \$38,972,530 | \$39,506,770 | 45.60% |
| Water | 3,496,800 | 3,587,940 | 23.48% |
| Sewer | 4,396,920 | 4,443,680 | 28.84% |
| Off Street Parking | 1,514,630 | 1,353,050 | 20.56% |
| Dock | 543,800 | 591,370 | 13.86% |
| Market | 76,320 | 92,860 | 36.94% |
| Transportation | 3,267,340 | 3,554,430 | 21.36% |
| Refuse | 2,370,530 | 2,441,720 | 6.55% |
| Total | \$54,638,870 | \$55,571,820 | 37.49% |

FY 2001 - 2003 Budget Comparison by Fund

The following tables compare the FY 01, FY 02 and FY 03 Budgeted revenue and expenditure budgets for all funds.

| <i>Revenues by Fund</i> | <i>FY 2001 Adopted</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|-------------------------|----------------------------|----------------------------|----------------------------|
| General | \$33,846,400 | \$39,543,020 | \$39,506,770 |
| Water | 3,383,940 | 3,496,800 | 3,587,940 |
| Sewer | 4,498,220 | 4,396,920 | 4,443,680 |
| Off Street Parking | 1,823,600 | 1,817,000 | 1,917,000 |
| Dock | 786,200 | 787,200 | 591,370 |
| Market | 107,600 | 107,600 | 92,860 |
| Transportation | 1,504,600 | 2,119,800 | 3,064,200 |
| Refuse | 2,322,900 | 2,370,530 | 2,368,000 |
| Grand Total | \$48,273,460 | \$54,638,870 | \$55,571,820 |

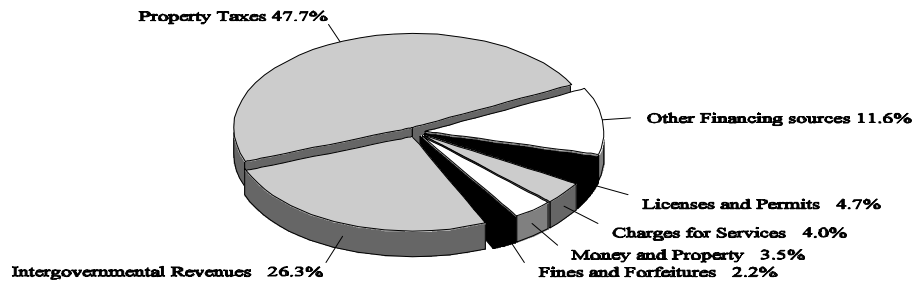
| <i>Expenditures by Fund</i> | <i>FY 2001 Adopted</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| General | \$33,118,360 | \$38,972,530 | \$39,506,770 |
| Water | 3,380,270 | 3,496,800 | 3,587,940 |
| Sewer | 4,496,520 | 4,396,920 | 4,443,680 |
| Off Street Parking | 1,241,430 | 1,514,630 | 1,353,050 |
| Dock | 681,180 | 543,800 | 591,370 |
| Market | 85,090 | 76,320 | 92,860 |
| Transportation | 2,945,060 | 3,267,340 | 3,554,430 |
| Refuse | 2,325,550 | 2,370,530 | 2,441,720 |
| Grand Total | \$48,273,460 | \$54,638,870 | \$55,571,820 |

Comparison of Annual General Fund Revenues - All Sources FY 2001 - FY 2003

Total FY 03 General fund revenues are budgeted at \$39,506,770, a decrease of .09% from FY 02 budgeted revenue and an increase of 12.57% over actual receipts for FY 01. The categorical descriptions below provide greater insight into the various trends affecting the City's revenue streams.

| <i>Revenues</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|----------------------------|---------------------------|----------------------------|----------------------------|
| Property Taxes | \$18,435,350 | \$17,783,820 | \$18,845,750 |
| Licenses and Permits | 1,757,510 | 1,270,000 | 1,838,100 |
| Intergovernmental Revenues | 10,703,170 | 9,742,970 | 10,406,010 |
| Charges for Services | 1,513,260 | 1,605,990 | 1,589,490 |
| Fines and Forfeitures | 838,080 | 754,500 | 856,190 |
| Money and Property | 1,800,640 | 1,737,090 | 1,371,540 |
| Other Financing Sources | 49,240 | 6,648,650 | 4,599,690 |
| Total Revenues | \$35,097,250 | \$39,543,020 | \$39,506,770 |

**Comparison of General Fund Revenues
All Sources**



General Fund Revenues - Detail of Major Revenue Sources

Property Taxes - General

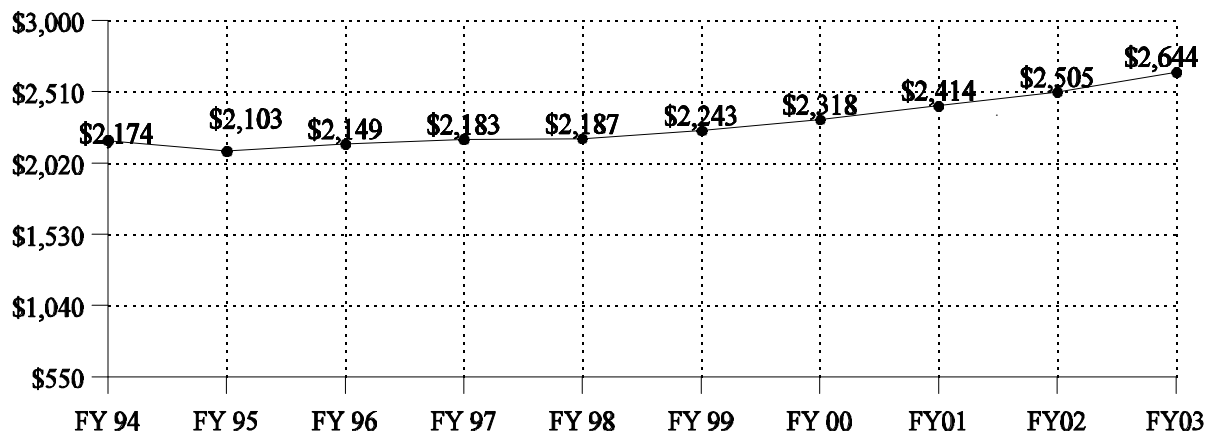
This category of revenue consists of taxes on the assessed value of real estate (including land, structures and improvements) and taxes on the assessed value of inventory, furniture, and fixtures of business establishments. For FY 03 property is assessed at 100 % of property value. The tax rate is the amount charged per \$100 of assessed value, as determined by the State Department of Assessments and Taxation. The Mayor and Council establish the tax rate each year in order to finance General Fund activities.

During the 2000 session the Maryland General Assembly enacted Senate Bill 626 and its House counterpart, House Bill 1309 to change the basis for all property tax assessments. The bills are entitled "Truth in Taxation - Real Property Tax Assessments". Under this legislation, as of October 1, 2000, all property assessments will be based on 100 % of property value. Simultaneously, property tax rates will be adjusted to make the change in revenue neutral.

The assessable base of all taxable property fluctuates because of changes to the fair cash value of the existing base or because of the addition of new residential or commercial properties.

Assessable Base of All Taxable Property In Millions of Dollars FY 1994 - FY 2003

Assessable base is defined as the total value of all real and personal property in the City which is used as a basis for levying taxes. Tax exempt property is excluded from the assessable base.



General Fund Revenues - Detail of Major Revenue Sources
Property Taxes - General

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Combined City Tax Rate
FY 1993 - FY 2001

| | <i>93</i> | <i>94</i> | <i>95</i> | <i>96</i> | <i>97</i> | <i>98</i> | <i>99</i> | <i>00</i> | <i>01</i> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| State | \$0.21 | \$0.21 | \$0.21 | \$0.21 | \$0.21 | \$0.21 | \$0.21 | \$0.21 | \$0.21 |
| County | 1.31 | 1.15 | 1.23 | 1.29 | 1.37 | 1.37 | 1.35 | 1.35 | 1.39 |
| City | 1.80 | 1.71 | 1.78 | 1.73 | 1.69 | 1.68 | 1.70 | 1.68 | 1.67 |
| Total | \$3.32 | \$3.07 | \$3.22 | \$3.23 | \$3.27 | \$3.26 | \$3.26 | \$3.24 | \$3.27 |

Combined City Tax Rate
At 100% of Assessed Value
FY 2002 - FY 2003

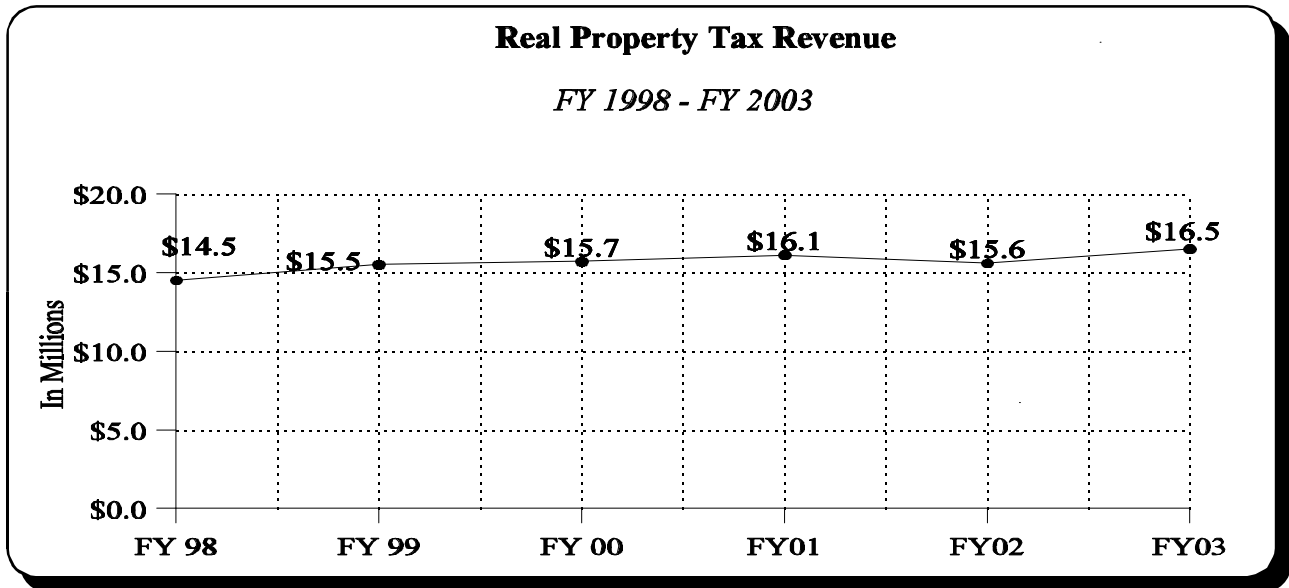
| | <i>02</i> | <i>03</i> |
|-------------|--------------|--------------|
| State | \$0.084 | \$0.084 |
| County | 0.556 | 0.550 |
| City | 0.624 | 0.624 |
| Total | \$1.264 | \$1.258 |

General Fund Revenues - Detail of Major Revenue Sources

Property Tax Revenue

This category of property taxes consists of taxes on the assessed value of real property, which includes land, structures, and improvements. Real property taxes are charged on both residences and commercial establishments. In FY 03, real property taxes alone constitute 47.27% of the City's General Fund budget, net of appropriation of fund balance.

The calculation of assessed value begins with an estimate prepared by the State of the assessed value of all property that will be on the tax roles as of the beginning of the City's FY 03. The estimate of tax revenue is based on multiplying the assessed value by the tax rate, taking into account when during the year the tax on new property is taxed and the impact of appeals and late payments from previous years.



Real Property Tax Revenue History, Projections and Percent Change
FY 1998 - FY 2003

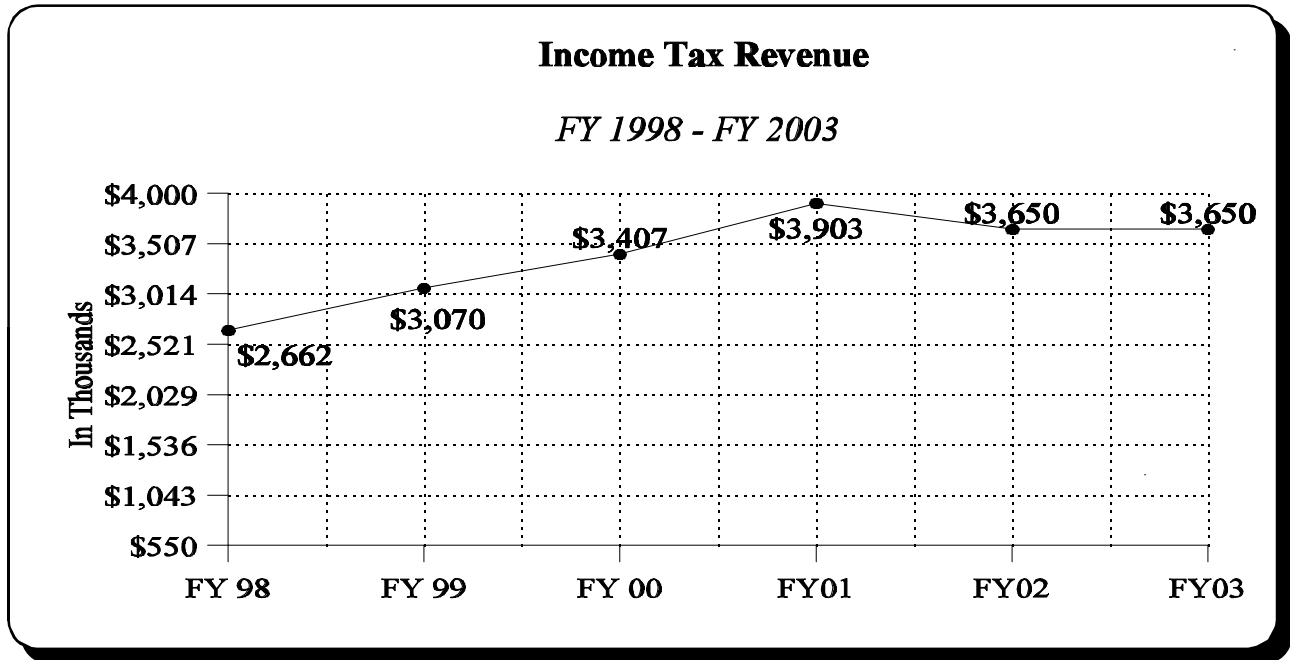
| | <i>98 Actual</i> | <i>99 Actual</i> | <i>00 Actual</i> | <i>01 Actual</i> | <i>02 Estimated</i> | <i>03 Budgeted</i> |
|----------|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Revenue | \$14,524,958 | \$15,517,455 | \$15,668,745 | \$16,076,390 | \$15,627,270 | \$16,500,000 |
| % Change | | 6.83% | 0.98% | 2.60% | -2.79% | 5.58% |

General Fund Revenues - Detail of Major Revenue Sources

Income Tax Revenue

This category of revenue consists of the City's share of income taxes received by the State for returns filed from Annapolis. The income tax is the second largest source of revenue to the General Fund.

Maryland counties are able to impose an income tax that "piggy-backs" on the State income tax. Municipalities receive only a fraction of the piggy-back tax collected by the State from returns filed in the municipality; the County receives the remainder of the tax.



Income Tax Revenue History, Projections and Percent Change
FY 1998 - FY 2003

| | <i>98 Actual</i> | <i>99 Actual</i> | <i>00 Actual</i> | <i>01 Actual</i> | <i>02 Estimated</i> | <i>03 Budgeted</i> |
|----------|------------------|------------------|------------------|------------------|---------------------|--------------------|
| Revenue | \$2,661,962 | \$3,069,866 | \$3,406,595 | \$3,903,000 | \$3,650,000 | \$3,650,000 |
| % Change | | 15.32% | 10.97% | 14.57% | -6.48% | 0.00% |

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

Property Taxes

The real property assessment, at 100%, used to calculate the FY 03 tax revenue budget is \$2,644,000,000. This is a 5.5% increase over the FY 02 assessment, at 100%, of \$2,505,000,000. The adopted tax rate for FY 02 is 62.4 cents, which is the same as the adopted rate for FY 2002, per \$100 of full property value. The personal and operating property tax assessments are expected to increase 11% over FY 02. The adopted rate also remains the same at \$1.66.

| <i>Property Taxes</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Real Property: Revenues from taxes on assessed value real estate including land, structures, and improvements. | \$16,076,390 | \$15,627,270 | \$16,500,000 |
| Personal Unincorporated: Revenues from taxes on assessed valuation of inventory, furnishings, and fixtures of unincorporated businesses. | 55,680 | 87,500 | 87,500 |
| Personal - Public Utility: Revenues from taxes on assessed valuation of inventory, furnishings, and fixtures of public utilities. | 856,020 | 845,250 | 845,250 |
| Personal Corporation: Revenues from taxes on assessed valuation of inventory, furnishings, and fixtures of incorporated businesses. | 1,316,720 | 1,078,800 | 1,300,000 |
| Penalties and Taxes: Interest paid on delinquent taxes. | 130,540 | 145,000 | 113,000 |
| Total Property Taxes | \$18,435,350 | \$17,783,820 | \$18,845,750 |

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

Licenses and Permits

These budgeted increases are based on FY 01 actual revenue, FY 02 projections, and the general upward trend of some of these revenue sources.

| <i>Licenses and Permits</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Street Use: Fees charged for the use of City street and sidewalk surfaces. | \$93,640 | \$91,500 | \$91,500 |
| Residential Parking Permits: Revenue from permits issued for parking in residential areas. | 48,500 | 77,600 | 60,100 |
| Sidewalk Cafes: Fees charged for the use of City sidewalks for restaurants that have sidewalk cafes. | 6,900 | 6,600 | 6,900 |
| Alcoholic Beverage Licenses: Revenues from licenses issued to allow sale of beer, wine, and liquor. | 184,650 | 186,300 | 186,300 |
| Traders Licenses: Fees collected from local businesses by the State and returned to the City. | 81,420 | 85,000 | 81,000 |
| Vendor-Huckster Licenses: Revenue from licenses issued for utility contractors and peddlers. | 69,200 | 30,000 | 69,000 |
| Towing Licenses: Fees from licenses issued to towing contractors. | 40 | 100 | 100 |
| Amusements Licenses: Fees charged by the City to operate various types of amusements. | 3,520 | 2,200 | 2,200 |
| Building Permits: Revenue from permits issued for building construction/electrical work; plumbing, sewer, water, and gas connections. | 766,760 | 375,000 | 800,000 |
| Occupancy Permits: Fees charged for inspection of buildings to permit use and occupancy of a new or substantially improved building. | 21,670 | 12,000 | 20,000 |
| Use Permits: Fees charged for change in use of a premises. | 12,010 | 7,000 | 7,000 |
| Cable TV Franchise Fees: Franchise fees for cable television at 5% of gross receipts. | 318,820 | 302,400 | 400,000 |
| Wastewater Discharge Pretreatment Permits: Fees charged for inspection to obtain permits for "critical uses" connection to the City sewer system. | 79,720 | 44,300 | 64,000 |

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

| <i>Licenses and Permits</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Other Non-Business Licenses: Revenue from the issuance of local licenses and permits not elsewhere classified. | 70,660 | 50,000 | 50,000 |
| Total Licenses and Permits | \$1,757,510 | \$1,270,000 | \$1,838,100 |

Intergovernmental Revenues

Although it is likely that the City will receive various grants from the U.S. Department of Justice, the State of Maryland, and Anne Arundel County, most have not been included in the FY 2003 budget because the application and acceptance process have not yet been completed. The budgeted Police Protection Grant is based on the costs of providing Police services and is calculated by the State. Highway Tax revenue is estimated based on information provided to the City by the State. Budgeted Income Tax and Hotel/Motel Tax revenue has been increased for FY 03 by 12.84% based on the new West Street hotel opening.

| <i>Intergovernmental Revenues</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Other Federal Environmental Grants: U.S. Environmental Protection Agency grants for oyster reef restoration, shoreline buffers, and habitat restoration | 12,600 | 0 | 0 |
| U.S. Department of Justice Grants: U.S. Department of Justice grants that fund certain costs of local law enforcement and citizen participation in an effort to make communities safer. | 77,220 | 0 | 0 |
| Police Protection Grant: City's share of State funds allocated to municipalities for police protection. | 966,810 | 950,000 | 1,008,110 |
| BMC Planning Grant: Subsidization of transportation planning activities and salary reimbursement, administered by the Baltimore Metropolitan Council and funded by various federal and state agencies. | 11,490 | 0 | 0 |
| Critical Area Grant: Assistance to local governments in carrying out their responsibilities under the Chesapeake Bay Critical Area Protection Program, administered by the Critical Area Commission, State of Maryland Department of Natural Resources. | 13,000 | 0 | 0 |
| Youth Services Grant: County and State payments to support Youth Service programs. | 100,660 | 0 | 0 |

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

| <i>Intergovernmental Revenues</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| HotSpots Grants: State payments to support HotSpots neighborhood and youth programs. | 9,620 | 0 | 0 |
| Miscellaneous State Grants: Revenue from other state grants that are not listed separately. | 200,380 | 0 | 0 |
| Highway Taxes: City's share of gasoline tax and motor vehicle registrations collected by the State. | 1,657,260 | 1,574,200 | 1,574,200 |
| Income Taxes: City's share of income tax received by the State for returns filed from Annapolis. | 3,903,000 | 3,650,000 | 3,650,000 |
| Admissions Receipts: Taxes on admissions are returned to municipalities by the State on the basis of the amount collected. | 912,820 | 703,500 | 800,000 |
| State Payment in Lieu of Taxes: Revenue received from the State of Maryland in lieu of taxes for fire and police services. | 317,000 | 367,000 | 417,000 |
| County - 911 Revenue: Revenue received from a portion of the County grant to support the "911" emergency calling system. | 178,910 | 156,000 | 179,000 |
| Miscellaneous County Grants: Revenue from various grants from Anne Arundel County that are not listed separately. | 21,910 | 13,200 | 13,200 |
| Electricity: The City's share of sales tax collected on electricity use. | 164,180 | 158,000 | 170,000 |
| Gas: The City's share of sales tax collected on natural gas use. | 24,830 | 27,000 | 27,000 |
| Telephone: The City's share of sales tax collected on telephone use. | 234,440 | 222,000 | 240,000 |
| Fuel: The City's share of sales tax collected on fuel oil use. | 3,970 | 2,500 | 2,500 |
| Hotel-Motel Tax: Revenue from 7% tax levied on room receipts in the City of Annapolis. | 1,523,500 | 1,550,000 | 1,780,000 |
| County Payment In Lieu of Taxes: Revenue received from Anne Arundel County in lieu of taxes for fire protection coverage of the Annapolis Neck Peninsula. | 369,570 | 369,570 | 545,000 |
| Total Intergovernmental Revenues | \$10,703,170 | \$9,742,970 | \$10,406,010 |

Charges for Services

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

FY 03 budgeted revenue reflects the \$.50 per hour rate for parking meters, the same rate as FY 02. A slight increase in certain recreation program fees, combined with increased community participation is expected to result in a 7.69% increase in Recreation Program Fees over those of FY 02.

| <i>Charges for Services</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Filing Fees: Charges for services relating to zoning such as map enhancements, text amendments, and use permits. | \$30,940 | \$60,200 | \$25,200 |
| Rental Unit Licenses: Revenue received for licenses issued to operate a rental dwelling unit. | 317,530 | 323,000 | 323,000 |
| Fire Safety Inspection Fees: Revenue received from inspections of buildings to ensure that they meet all fire safety requirements concerning life safety. | 13,730 | 18,000 | 18,000 |
| Parking Meter Fees: Revenues from hourly parking meters located in the downtown area. | 567,710 | 601,000 | 601,000 |
| Recreation Program Fees: Revenues from fees for various recreation programs and classes. | 237,450 | 240,790 | 259,290 |
| Recreation-Latchkey Fees: Revenue from before and after school day care programs. | 345,900 | 363,000 | 363,000 |
| Total Charges for Services | \$1,513,260 | \$1,605,990 | \$1,589,490 |

Fines and Forfeitures

Parking Violations revenue is expected to remain the same as FY 02 budgeted amount. Revenue from confiscated funds is being budgeted to offset the need for additional funds for the mobile data computing project.

| <i>Fines and Forfeitures</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Parking Violations: Revenues from parking violation fines. | \$678,150 | \$730,000 | \$730,000 |
| Municipal Infractions: Revenues received from fines for municipal infractions. | 14,410 | 4,500 | 4,500 |
| Confiscated Funds: Cash and personal items seized under current law by City Police during the commission of a crime. | 134,390 | 0 | 101,690 |

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

| <i>Fines and Forfeitures</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|--------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Other Fines: Revenue from other miscellaneous fines and late charges on payment of fines. | 11,130 | 20,000 | 20,000 |
| Total Fines and Forfeitures | \$838,080 | \$754,500 | \$856,190 |

Use of Money and Property

Interest revenue on the short-term investment of cash balances is expected to decrease by 33.35% over that of FY 02. Revenue from the rental of City property is expected to decrease by 1.01% from that of FY 02.

| <i>Use of Money and Property</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Interest Income: Interest received from the investment of City funds. | \$1,311,300 | \$1,201,000 | \$800,400 |
| Rents: Revenue from the rental of City property. | 177,030 | 191,950 | 190,000 |
| Contributions and Donations: Revenue from miscellaneous contributions and donations to fund City activities. | 22,950 | 33,000 | 95,000 |
| Payments in Lieu of Taxes: Revenues received under special legal agreements with certain entities in lieu of the regular property tax assessment. | \$71,160 | \$72,140 | \$72,140 |
| Miscellaneous Sales: Fees collected for miscellaneous City services to citizens. | 16,330 | 11,000 | 11,000 |
| Payment for Police Services: Revenues from special dedicated police services. | 82,140 | 98,000 | 98,000 |
| Miscellaneous Revenues: Revenues not accounted for elsewhere. | 119,730 | 130,000 | 105,000 |
| Total Use of Money and Property | \$1,800,640 | \$1,737,090 | \$1,371,540 |

Other Financing Sources

Proceeds from other financing sources such as the disposal of fixed assets are not usually budgeted but are part of the actual proceeds for the year.

**General Fund
Revenues - by Source
FY 2001 - FY 2003**

- continued -

| <i>Other Financing Sources</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------------|
| Fixed Asset Dispositions: Proceeds from the disposal of general fund fixed assets. | \$0 | \$0 | \$0 |
| Operating Fund Transfers: Revenues from miscellaneous operating fund transfers. | 47,690 | 0 | 0 |
| Appropriated Fund Balance: This is not an actual revenue; however it is a source of funding relied upon in balancing the budget. This funding source provides pay-as-you-go funding support for the Capital Improvements Program. \$1,639,420 of the general fund balance has been appropriated in FY 2001 to support pay-go project funding. | 0 | 6,648,650 | 4,599,690 |
| Total Other Financing Sources | \$47,690 | \$6,648,650 | \$4,599,690 |

**City of Annapolis FY 2003 Adopted Budget
General Fund**

| <i>Expenditures</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> | <i>Percent Change</i> |
|------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Personnel | \$23,595,230 | \$26,103,840 | \$29,027,420 | 11.20% |
| Other Operating Expenditures | 5,888,290 | 6,252,530 | 5,779,850 | -7.56% |
| Capital Outlays | 283,720 | 179,970 | 10,000 | -94.44% |
| Debt Service | 2,324,110 | 2,048,480 | 2,094,130 | 2.23% |
| Other Expenditures | *(1,171,200) | *(1,645,080) | *(1,907,070) | 15.93% |
| Contribution to CIP | 1,787,400 | 6,032,790 | 4,502,440 | -25.37% |
| Total Expenditures | \$32,707,550 | \$38,972,530 | \$39,506,770 | 1.37% |

| <i>Expenditures by Department</i> | <i>FY 2001 Actual</i> | <i>FY 2002 Adopted</i> | <i>FY 2003 Adopted</i> | <i>Percent Change</i> |
|------------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Boards and Commissions | \$72,480 | \$74,480 | \$75,590 | 1.49% |
| Mayor and Aldermen | 1,039,740 | 1,256,000 | 1,330,870 | 5.96% |
| Finance | 1,674,940 | 1,829,560 | 2,052,010 | 12.16% |
| Human Resources | 511,380 | 526,500 | 640,650 | 21.68% |
| Planning & Zoning | 1,026,640 | 1,151,540 | 1,149,510 | -0.18% |
| Central Services | 902,700 | 803,180 | 820,990 | 2.22% |
| Police | 10,315,460 | 11,010,360 | 11,907,200 | 8.15% |
| Fire | 6,622,550 | 7,159,900 | 7,923,650 | 10.67% |
| Public Works | 5,597,880 | 6,468,380 | 6,465,570 | -0.04% |
| Recreation & Parks | 2,003,470 | 2,256,440 | 2,451,230 | 8.63% |
| Debt Service | 2,324,110 | 2,048,480 | 2,094,130 | 2.23% |
| Non-Departmental | *(1,171,200) | *(1,645,080) | *(1,907,070) | 15.93% |
| Contribution to CIP | 1,787,400 | 6,032,790 | 4,502,440 | -25.37% |
| Total Expenditures | \$32,707,550 | \$38,972,530 | \$39,506,770 | 1.37% |

* The negative dollar amount is the result of the credit to the General Fund for indirect administrative costs allocated to each enterprise fund.

Comparison of Annual General Fund Expenditures FY 1992 - FY 2002

This line chart indicates annual actual general fund expenditures for the ten year period ending FY 02.

